

September 15, 2004

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Submitted by Email: tracieb@water.ca.gov

Subject: Comments on the Draft Integrated Regional Water Management Grant Program
Guidelines for Proposition 50, Chapter 8, August 2004, Department of Water
Resources and State Water Resources Control Board

Dear Ms. Billington:

On August 31, 2004, Psomas attended the public meeting to solicit public input on the Draft Guidelines and Evaluation Criteria for the Proposition 50 Integrated Regional Water Management Grant Program (IRWM Program). It was an excellent presentation and discussion that provided clarification and new information on a variety of guideline issues, as well as raised new questions.

We attended the workshop on behalf of our clients to assist them in review of the guidelines and formulating comments. Our current clients for this effort include the Los Angeles County Department of Public Works and the Orange County Resources Development and Management Department that is leading the South Orange County Integrated Regional Water Management Group. Our comments that are presented herein are consistent with the collective comments of these agencies, which they will be submitting separately.

We have reviewed the DWR/SWRCB Public Draft 8/16/04 Integrated Regional Water Management Grant Program Guidelines, and have developed the following comments on the Draft Guidelines, which are presented in page order of the Draft Guidelines.

Psomas' Comments on the Draft Integrated Regional Water Management Grant Program Guidelines

Page 5:

B. Maximum Grant Amount: This section should identify that Planning Grants have a total of \$10 million and Implementation Grants have a total of \$150 million for the first funding cycle.

C. Minimum Local Match Requirements: This section should state that match funds are from non-state sources.

Page 6:

F. Geographic Scope: The remaining 20% of the funding should be clarified as to its purpose and use.

Page 7:

Implementation Grant Solicitation, first bullet: "Proof of formal adoption" of an IRWM Plan should be defined as to acceptable type of proof or directed to where it is defined in the guidelines.

Implementation Grant Solicitation, third paragraph: The two-step process, as presented here, is cumbersome to figure out in this paragraph. Consider changing the presentation to two bullets, one each for Step 1 and Step 2, to bring the reader to each Step description, and then clearly describe.

III. Eligibility Requirements, A. Eligible Grant Recipients: Public agencies should be defined as including both local and state agencies. Guidelines should be up-to-date on the status of inclusion or not of private entity eligibility. Additionally, this section is written in a 'passive' voice regarding encouragement of partnerships and collaboration in a region, where elsewhere in the guidelines this is a requirement, thus resulting in confusion on the requirement. Introduction of eligibility for submitting applications, e.g., regional agency or regional water management group, should be introduced earlier in the guidelines and clarified with decisiveness. Finally, it should be noted and included that the Step 1 applicant may be a different applicant than in Step 2 so long as it is an agency within the same defined region.

Page 8:

B. Eligibility Criteria, first bullet – Urban Water Management Planning Act Compliance: This section should clarify that only participating agencies of the region that have projects proposed for funding need to satisfy this criterion. Additionally, a statement of acceptable forms of "evidence of compliance" should be made.

C. Eligible Proposals/Project Types, last paragraph: Exclusion of on-stream and off-stream surface water storage facilities for funding should be clarified to allow for reservoir tank storage that does not obtain or inhibit water from a stream or natural waterway source.

Page 9:

C. Labor Code Compliance: This section should identify when this requirement is enforced; at the time of application submission, at contract execution, or prior to construction. Additionally, since many agencies do not have a labor compliance program nor are familiar with how to set up a program, this section should provide direction on where to access helpful information, such as the California Department of Industrial Relations Website or names of agencies that currently have programs, upon their approval.

Page 10:

E. CEQA Compliance: This section should clarify the SWRCB and DWR requirements for timing of CEQA compliance. SWRCB requirements should be consistent with DWR requirements, which include a plan for completion at the time of Step 2 application submission, specifically since environmental documentation is considered an eligible project cost for reimbursement based on Appendix D definition of Eligible Costs. It is unreasonable that applicants must wait until a grant award is assigned to the funding agency to make this determination.

Additionally, Appendix C, section C.1. Proposal Contents for Implementation Grants – Step 1, L. Environmental Compliance, page 23, clearly directs an applicant to provide a “plan for compliance with all applicable environmental review requirements. Appendix E also provides assistance to web links for CEQA information. Finally, section C.3 Proposal Contents for Implementation Grants – Step 2, page 28, section D. Budget, requires submission of a budget that includes “environmental documentation costs,” and section E. Schedule requires a task for “development of environmental documentation.” These sections continue to support a CEQA process that is consistent with DWR requirements.

Page 11:

C. Proposal Submittal: This section currently only identifies Step 1 by name. This section should also specifically name and address the Step 2 application process, since the following sections are for Step 2 application review.

Page 12:

First paragraph, last sentence: This paragraph indicates that the Project Selection Panel has the authority to adjust individual scores to ensure funding is equitably distributed throughout the State. “Equitably distributed” can be subjectively interpreted, and, therefore, should be defined in the guidelines and adhered to by the Project Selection Panel during proposal evaluation.

I. Grant Agreement: Language to clarify costs that are eligible for reimbursement and costs that can be part of an applicant’s cost share is unclear. The second sentence in this section suggests costs incurred prior to the commitment to award may not be eligible for reimbursement, while the third sentence states only work performed after the execution date of the agreement will be eligible for reimbursement. This leaves a gap of time between the commitment and the executed contract.

Three main comments:

- 1) The second sentence uses the word “may” which is passive and the third sentence uses the words “only” and “will,” which are decisive.
- 2) These two sentences contradict timing of eligible costs with the gap between commitment to award and contract execution. Further, Page 32 under the definition of Eligible Costs includes costs that are not eligible for grant funding as incurred prior to applying for a grant. Given there are three different timeframes for eligible costs, clarification needs be made on the correct timing for eligible expenditures. Additionally, preparation of the application to establish eligibility is identified as an eligible expenditure for grant funds; however, this contradicts with costs incurred prior to applying for a grant. Again, clarification and consistency of eligible costs is needed.
- 3) This section should clarify how far in arrears will be allowed for expenditures to use for cost share match. State representatives indicated that November 5, 2002 should be the cut off since this was the date of the bond.

Appendix A IRWM Plan Standards

Page 15:

First Bullet: Instead of stating “adoption...by all appropriate agencies and organizations,” this language should be consistent with the definition included on page 32: “formally accepted by the governing body(ies) of the entity(ies) that participated in the development of the Plan and have responsibility for implementation of the Plan as evidenced by a resolution or other written documentation.”

Minimum Standards: This section should clarify if CEQA is required for Plan development. Appendix B Planning Grants, Section I. Impacts and Benefits, Page 17

states that an applicant must “include a description of its plan for, or progress on, CEQA/NEPA compliance as it is applicable to development and implementation of the Proposed Plan.” This would suggest that CEQA is required for Plan development.

Appendix B Planning Grants

No comments.

Appendix C Implementation Grants

Page 21:

C.1. Proposal Contents, third paragraph: Beginning the paragraph with “For Step 1” leads the reader to believe Step 2 applications will not have this same requirement to be submitted by regional agencies or regional water management groups.

Appendix D Definitions

Page 32:

Eligible Costs (a): The timing of costs that are not eligible needs to be clarified. The statement “applying for or receiving a grant” leaves months of time for potential liability of costs on either the applicant or the funding agency.

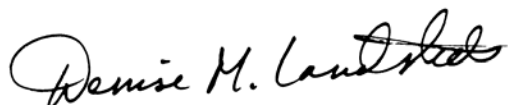
Page 33:

Local Match: This definition should include clarification that costs incurred after November 2002 may be eligible for meeting the local match.

Thank you for the opportunity to provide the State with our comments on the Draft Integrated Regional Water Management Grant Program Guidelines. We look forward to a successful grant program. Please call me at (714) 481-7910 or Joey Soto at (714) 481-7991 with any questions.

Respectfully,

PSOMAS



Denise M. Landstedt
Senior Project Manager /Associate